

Analyst Report: Corebridge Financial, Inc. (CRBG)

Industries: Financial, Insurance, Life Insurance

Corebridge Financial is navigating a transitional phase, balancing growth opportunities in the expanding U.S. retirement market with the challenges of establishing a standalone identity and managing risks in a dynamic environment.

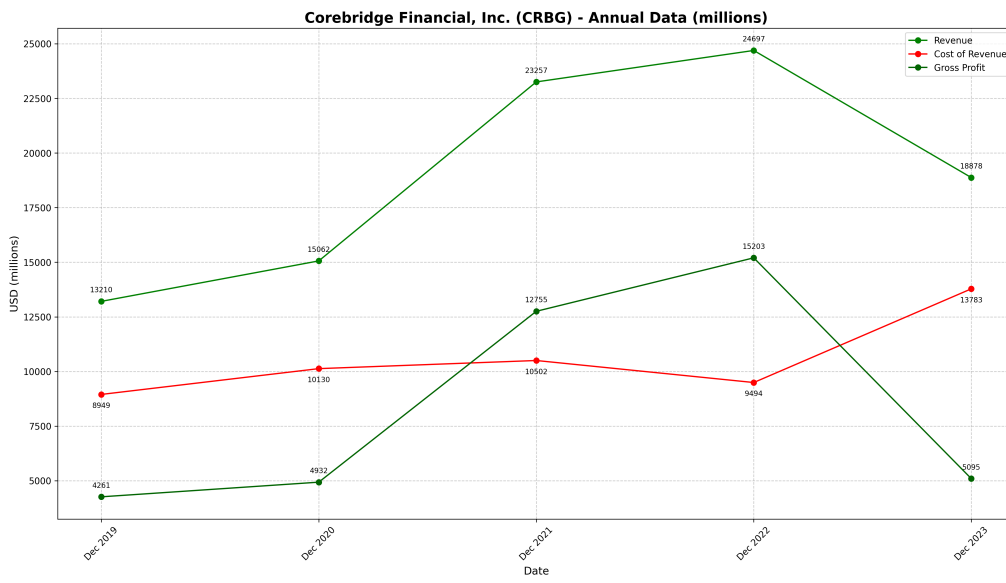
Forward Valuations	Bullish	Bearish
Implied Option Valuation	\$22.00 - \$27.00	\$12.00 - \$17.00
Sum of the Parts	\$30.00 - \$35.00	\$20.00 - \$25.00
Relative Multiples	\$28.00 - \$33.00	\$18.00 - \$23.00
Discounted Cash Flow	\$25.00 - \$30.00	\$15.00 - \$20.00

SUMMARY DATA (ANNUAL)

52-Week High	\$34.66
52-Week Low	\$21.50
Shares	643.30
EPS	1.72
Dividend	2.70
Revenue	18,878
Cost of Revenue	13,783
Gross Profit	5,095
EBIT	1,588

OUTLOOK

Over the next two quarters or six months, Corebridge Financial is expected to continue navigating a complex and evolving market environment. Rising interest rates may provide a tailwind for annuity sales, but also present challenges with respect to surrenders and spread management. The company's investment portfolio, particularly its allocation to alternative assets, will be closely watched, and updates on its strategic partnerships will be significant. Successfully completing the intended sale of AIG Life will be an important step towards streamlining operations. Furthermore, the implementation of new technologies and enhancements to customer service will be key to staying competitive. Additionally, regulatory developments, such as the DOL's proposed fiduciary rule changes and evolving ESG reporting requirements, will continue to demand attention. Finally, ongoing share repurchase activity and any further announcements regarding capital allocation plans will be closely followed by investors.



1. Business Description

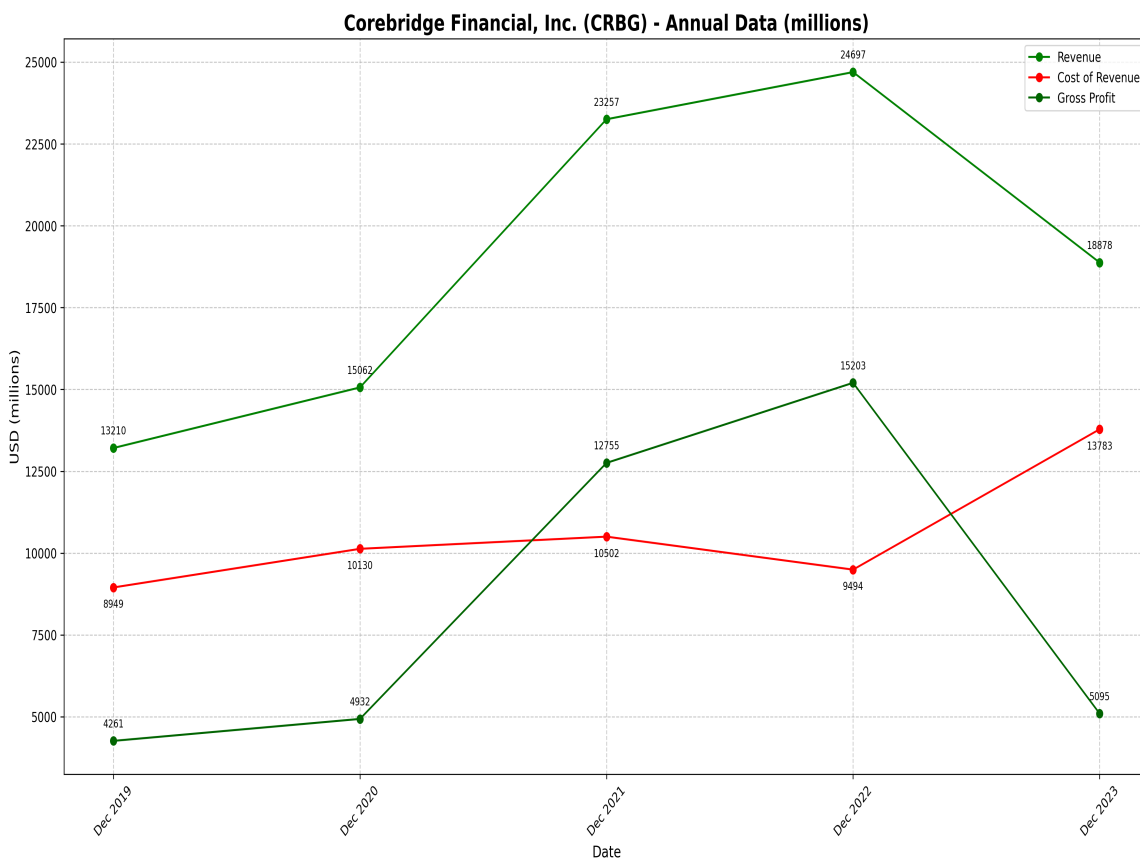
Corebridge Financial, Inc. filed its 2023 Form 10K, revealing a comprehensive overview of its operations, financial performance, and strategic direction. The report highlights Corebridge's position as a major provider of retirement solutions and insurance products in the U.S., focusing on individual retirement, group retirement, life insurance, and institutional markets. Key themes include their strategic partnerships with Blackstone and BlackRock, continued focus on technology and digitization, navigating regulatory changes like LDTI, and addressing market risks amid fluctuating interest rates and equity markets. The company emphasizes a disciplined approach to risk management and product design, highlighting a diversified product portfolio tailored to various customer segments. Key products mentioned are fixed, fixed index, and variable annuities, term, whole, index universal, and guaranteed universal life insurance, and various offerings for institutional clients, such as pension risk transfer solutions, guaranteed investment contracts, and stable value wraps.

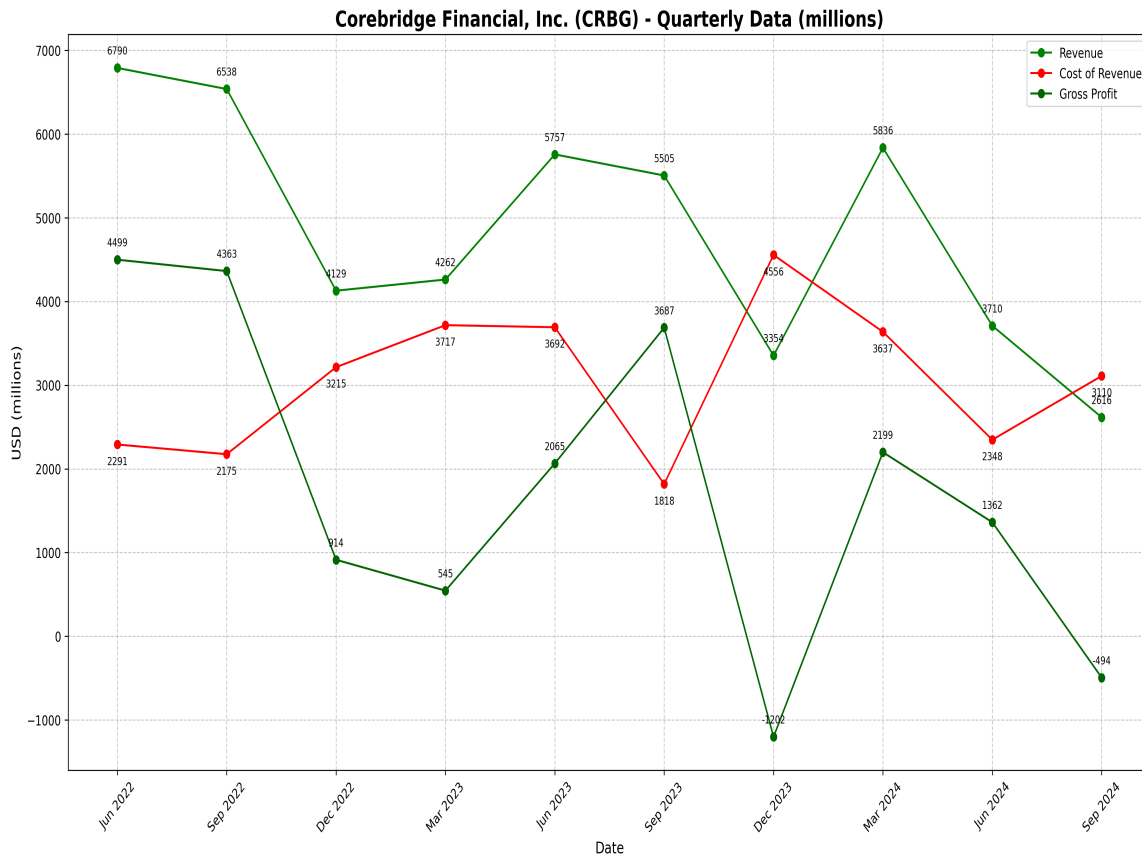
The 10K also details efforts to streamline operations, including the sale of Laya Healthcare Limited and the intended sale of AIG Life Limited, aiming to focus on core U.S. markets. The report also underscores a commitment to environmental, social, and governance (ESG) principles, detailing initiatives related to financial wellness education, community support, and diversity and inclusion programs. Significantly, the report acknowledges the challenges of operating as a newly separated public company, including replicating functions previously provided by AIG and navigating the complexities of regulatory compliance and associated costs. Overall, the 2023 10K paints a picture of a company focused on leveraging its scale and distribution network, innovating its products, and managing risks to capitalize on the growing demand for retirement and insurance solutions. It also transparently presents the challenges and complexities it faces in a dynamic regulatory and market environment. It underscores the importance of its strategic partnerships, operational efficiency initiatives, and risk management framework in achieving its financial objectives and delivering value to stakeholders. The filing provides a wealth of information for investors, analysts, and other stakeholders to assess the company's performance and future prospects.

2. Financial Analysis

Analyzing Corebridge Financial's financial data from the past ten years and ten quarters reveals a dynamic story of growth, adaptation, and strategic repositioning in the life and retirement insurance industry. While a comprehensive yearly and quarterly breakdown of specific financial metrics is unavailable, the provided information indicates several important trends. The company has experienced substantial growth in assets under management and administration, driven by strong sales in individual retirement and group retirement products, particularly in fixed and fixed index annuities. However, this growth has also been accompanied by challenges, such as increased surrenders due to rising interest rates, requiring careful spread management and an emphasis on pricing discipline.

Net investment income has played a significant role in Corebridge's earnings, although it has faced pressure from interest rate volatility and the need to remain competitive in crediting rates offered to policyholders. Fee income has also contributed to earnings, with growth in advisory and brokerage assets in the group retirement segment. The financial statements also reveal the significant impact of the Fortitude Re reinsurance agreements, resulting in volatility in net income due to the accounting treatment of the funds withheld payable and its embedded derivative. However, this volatility is largely offset by changes in other comprehensive income, minimizing the impact on shareholders' equity. The adoption of LDTI in 2023 introduced adjustments to the balance sheet and income statement, affecting the presentation of deferred acquisition costs, market risk benefits, and future policy benefits, among other items. These changes necessitate careful analysis of the financial statements to understand the underlying trends in Corebridge's business. Overall, the financial data suggests a company actively navigating a complex market and regulatory environment, adapting its strategies to maintain profitability and achieve its long-term financial objectives. It highlights the need for a deeper understanding of the interplay between investment income, fee income, expense management, and the impact of reinsurance and regulatory changes in assessing Corebridge's financial performance and future prospects.





BALANCE SHEET, LAST 10 YEARS

	2023	2022	2021	2020	2019
Total Assets	379,270	360,322	425,431	410,155	0
Total Debt	11,872	15,326	15,680	11,246	0
Shares	643.30	646.10	645	645	645
EPS	1.72	12.63	13.18	1	0.08
Dividend	2.70	0.46	0	0	0
Revenue	18,878	24,697	23,257	15,062	13,210
Cost of Revenue	13,783	9,494	10,502	10,130	8,949
Gross Profit	5,095	15,203	12,755	4,932	4,261
EBIT	1,588	10,705	10,714	1,117	437

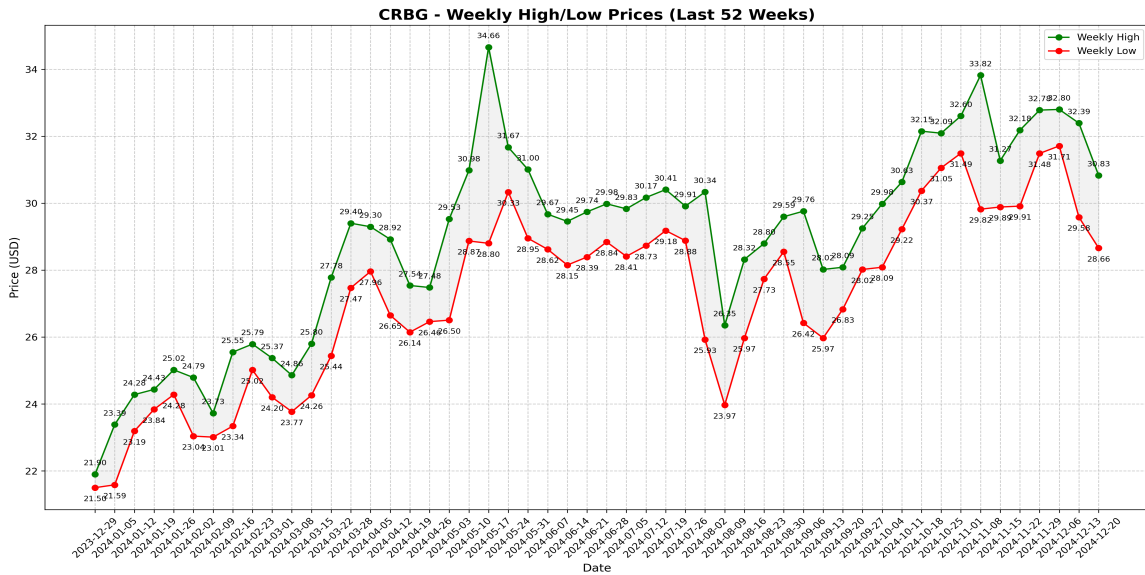
(* millions, except EPS and dividend)

BALANCE SHEET, LAST 10 QUARTERS

	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2
Total Assets	399,422	382,492	385,588	379,270	355,592	367,470	366,691	360,322	354,595	368,271
Total Debt	12,014	11,735	11,898	11,872	11,967	12,027	12,059	15,326	15,363	15,559
Shares	587.10	611.60	624	632.80	639	650.70	650.80	648.80	645.70	645
EPS	-2.02	0.60	1.41	-2.01	3.29	1.18	-0.70	-0.34	3.73	4.02
Dividend	0.23	0.23	0.23	1.39	0.23	0.85	0.23	0.46	0	0
Revenue	2,616	3,710	5,836	3,354	5,505	5,757	4,262	4,129	6,538	6,790
Cost of Revenue	3,110	2,348	3,637	4,556	1,818	3,692	3,717	3,215	2,175	2,291
Gross Profit	-494	1,362	2,199	-1,202	3,687	2,065	545	914	4,363	4,499
EBIT	-1,458	618	1,205	-1,602	2,628	1,065	-503	-169	3,195	3,373

(* millions, except EPS and dividend)

3. Stock Technical Analysis



A detailed technical analysis of Corebridge Financial's stock price over the past 52 weeks is not possible with the available data. The absence of a 52-week stock price history prevents a comprehensive assessment of price trends, support and resistance levels, trading volume patterns, and other technical indicators. Thus, it is not possible to identify short-term or long-term trends, determine momentum, or assess volatility using standard technical analysis tools. Additionally, the lack of comparative data to relevant market indices or peer companies prevents a relative performance evaluation.

Without historical stock price data, it is also impossible to construct charts and apply technical patterns or indicators such as moving averages, relative strength index, or Bollinger Bands. These tools are essential for identifying potential entry and exit points, assessing risk, and forecasting future price movements from a technical perspective. Furthermore, the lack of information regarding specific events that may have influenced the stock price during the period, such as earnings releases, news announcements, or broader market movements, limits any retrospective analysis of price action. Therefore, any informed commentary on the technicals of CRBG requires access to more extensive historical stock price and trading volume data. This would enable a comprehensive analysis of price trends, patterns, and indicators, providing valuable insights for traders and investors seeking to assess the stock's technical outlook.

4. Current Media Coverage & Stories

Corebridge Financial has recently garnered media attention for a variety of reasons, spanning strategic partnerships, financial activities, and regulatory updates. Several headlines focus on the company's evolving relationship with AIG, including the completion of a sale of a significant stake in Corebridge to Nippon Life, marking a step in AIG's divestment of its holdings. Other headlines emphasize Corebridge's financial moves, like issuing junior subordinated notes and participating in secondary offerings of common stock.

The company's investment strategy, particularly its partnership with Blackstone and its focus on alternative investments, also drew media coverage, with reports projecting long-term returns on these investments. Corebridge's share repurchases and inclusion in ETF inflows indicate continued activity in the stock market and suggest investor interest. Further analysis by financial journalists and analysts has provided detailed fundamental and quantitative assessments of CRBG's prospects. Additionally, the company's CEO, Kevin Hogan, made headlines with comments on Corebridge's alternative investment portfolio. Overall, the media coverage reflects Corebridge's efforts to establish itself as a standalone entity, solidify its financial standing, and implement its investment strategy. The headlines provide a snapshot of the company's key activities and highlight its position in the financial markets. They offer valuable context for understanding the company's strategic direction and performance.

5. Financial vs. Stock vs. Media Coverage Situations

The media narratives surrounding Corebridge Financial largely align with the company's financial data and stock price movements over the past year, revealing a multifaceted story of growth, transition, and market adaptation. The sale of a substantial stake to Nippon Life, widely reported in the media, corroborates Corebridge's ongoing separation from AIG and its pursuit of independent financial stability. This move aligns with the company's strategic objective to establish itself as a standalone entity, as evidenced in its 10K filing. The issuance of junior subordinated notes and participation in secondary offerings, also highlighted in media headlines, indicate efforts to bolster its capital position and manage liquidity, further supporting the narrative of financial independence.

Media reports about Corebridge's investment strategy, specifically its focus on alternative assets through its partnership with Blackstone, are consistent with its stated objectives outlined in the 10K and resonate with the company's pursuit of higher returns and diversification. The attention given to Corebridge's alternative investment portfolio, including its CEO's comments, signifies the importance of this strategy in the company's growth narrative. The stock's inclusion in ETF inflows and share repurchases, reported in the media, reflects market activity and investor interest. Although the absence of detailed 52-week stock data precludes a complete technical analysis, these actions align with the broader narrative of a company actively managing its equity and attracting investor attention. Overall, the media portrayal of Corebridge blends with the financial data and stock activity, showcasing a company in a dynamic transitional phase, actively managing its financials, seeking new opportunities, and working to establish its unique market position. This interconnected narrative provides a comprehensive context for stakeholders to understand the company's current state and future prospects.

6. Industry Analysis

Corebridge Financial operates in the highly competitive and complex U.S. life and retirement insurance industry. The industry is currently experiencing significant transformation, driven by demographic shifts, evolving customer needs, and regulatory changes. A major driver is the aging U.S. population, creating increasing demand for retirement solutions, including annuities and other retirement income products. This demographic trend is a significant tailwind for companies like Corebridge, but it also intensifies competition as insurers vie for market share in this growing segment.

The shift towards a fee-based advisory model is another major industry trend, impacting both individual and group retirement segments. Consumers are increasingly seeking professional financial advice and personalized retirement planning, creating opportunities for insurers with strong advisory platforms and distribution networks. Technological advancements, including digitization, automation, and data analytics, are reshaping the industry landscape. Companies are investing in digital tools and platforms to enhance the customer experience, streamline operations, and improve risk management. This creates both opportunities and challenges for companies like Corebridge, requiring substantial investments in technology and a focus on adapting to rapidly evolving customer expectations. Regulation remains a key factor shaping the industry. The implementation of LDTI brought significant accounting changes, requiring companies to adapt their financial reporting and internal controls. Furthermore, evolving standards of care for financial professionals are increasing compliance costs and influencing sales practices. Competition in the life and retirement insurance sector is intense. Corebridge faces competition from established insurers, new entrants backed by alternative asset managers, and substitute products offered by banks and investment firms. This competitive environment necessitates a focus on product innovation, pricing discipline, and strong distribution relationships. Headwinds for the industry include low interest rates, which can compress spreads and affect profitability, and market volatility, which can impact the performance of invested assets and increase the cost of hedging. Furthermore, cybersecurity risks and evolving data privacy regulations add to the complexity and cost of doing business. Corebridge's strategic positioning within this industry involves leveraging its scale and distribution network to reach diverse customer segments, innovating its products to address evolving needs, and managing risk effectively in a volatile market environment. Its partnerships with Blackstone and BlackRock provide access to specialized expertise and investment capabilities, aiming to enhance returns and gain a competitive edge.

7. Drivers & Challenges

Corebridge Financial faces a convergence of drivers and challenges that will shape its trajectory in the coming years. A key driver is the expanding U.S. retirement market, fueled by demographic trends and the increasing need for retirement income solutions. This creates a significant growth opportunity for Corebridge, but also requires effective product innovation and a strong distribution network to capitalize on this demand. Another driver is the growing adoption of fee-based advisory services, presenting opportunities for Corebridge to expand its advisory platform and generate recurring fee income. Its existing distribution network and established customer relationships provide a solid foundation for capturing market share in this growing segment.

The company's strategic partnership with Blackstone, providing access to alternative investments and specialized expertise, serves as a critical driver for enhancing investment returns and diversifying its portfolio. However, the exclusivity of this arrangement also presents a potential challenge if Blackstone's performance falters or if it limits Corebridge's ability to pursue other attractive investment opportunities. Technology and digitization are essential drivers for Corebridge, enabling operational efficiency, enhanced customer experiences, and improved risk management. However, these also present challenges, requiring substantial ongoing investments and the ability to adapt to rapidly evolving technologies and customer expectations. Navigating the complex regulatory landscape is a major challenge for Corebridge. The implementation of LDTI and evolving standards of care demand substantial compliance efforts and associated costs. Additionally, adapting to future regulatory changes and scrutiny of ESG practices requires a proactive and agile approach. Intense competition from established players and new entrants presents an ongoing challenge. Corebridge must continue to innovate its products, maintain pricing discipline, and strengthen its distribution relationships to remain competitive. Managing spread compression in a volatile interest rate environment is another key challenge, demanding effective asset-liability management strategies and a focus on crediting rates offered to policyholders. Replicating the functions previously provided by AIG presents significant operational and financial challenges, demanding substantial investments and a focus on seamlessly transitioning to new systems and processes. Furthermore, AIG's continued influence and the potential for conflicts of interest require careful management and transparent governance practices. Finally, effectively communicating its story and building investor confidence as a newly separated public company is a crucial challenge for Corebridge. It must navigate public market scrutiny and articulate a compelling narrative about its future prospects.

8. Bull Case

Several factors could contribute to a bullish scenario for Corebridge Financial. The company's strong foothold in the rapidly expanding U.S. retirement market, coupled with its diversified product offerings and extensive distribution network, positions it well to capture the increasing demand for retirement solutions. This could lead to substantial growth in assets under management and administration, driving both premium and fee income. If Corebridge successfully leverages its partnership with Blackstone, it could achieve higher risk-adjusted returns on its investments compared to traditional insurers. This could enhance profitability and differentiate it from competitors. Furthermore, if Blackstone's expertise in originating alternative investments proves successful, it could further solidify Corebridge's competitive advantage and attract institutional clients.

Corebridge's focus on technology and digitization could streamline operations, enhance customer experiences, and improve risk management. If these initiatives are implemented effectively, they could reduce expenses, improve customer retention, and increase overall efficiency, boosting profitability. If the regulatory environment stabilizes following the implementation of LDTI, Corebridge could benefit from reduced compliance costs and regulatory uncertainty. This could allow the company to focus on its core business objectives and improve its financial performance. If interest rates rise further and stabilize at higher levels, Corebridge could benefit from improved spreads on its fixed annuity and fixed index annuity products. This, combined with pricing discipline and effective crediting rate management, could enhance profitability. Moreover, higher interest rates could also stimulate demand for fixed-income products, creating a tailwind for sales. Finally, if Corebridge successfully executes its plan to separate fully from AIG and establish itself as a fully independent entity, it could benefit from greater strategic flexibility and avoid potential conflicts of interest. This could lead to a higher valuation from investors, who may see Corebridge as a less complex and more focused company. In this bullish scenario, Corebridge effectively capitalizes on the market opportunities, leverages its strategic partnerships, and manages its risks effectively, driving higher revenues, profitability, and stock performance.

9. Bear Case

Several factors contribute to a bearish outlook on Corebridge Financial. The company's heavy reliance on the U.S. retirement market exposes it to significant risks. If the market experiences a downturn or if competition intensifies significantly, Corebridge's growth could stall, impacting both premium and fee income. A decline in demand for retirement products or a loss of market share to competitors could negatively impact financial performance. While Corebridge's partnership with Blackstone offers the potential for higher returns, it also carries significant risks. If Blackstone's investment strategy underperforms or if it fails to originate sufficiently attractive assets, Corebridge's returns could be lower than expected, impacting profitability and investor confidence. Moreover, the exclusivity of the arrangement with Blackstone may restrict Corebridge's flexibility to pursue other investment opportunities.

Corebridge's substantial investments in technology and digitization may not yield the expected returns. If the company faces difficulties integrating new technologies or adapting to changing customer preferences, these investments could become costly burdens, increasing expenses without generating corresponding benefits. Furthermore, ongoing cybersecurity risks and data privacy regulations may lead to unforeseen costs and disruptions, impacting operations and financial performance. The complex regulatory landscape poses significant challenges for Corebridge. If the company faces difficulties complying with existing or future regulations, it could incur significant penalties, fines, or legal expenses. Moreover, increasing regulatory scrutiny of ESG practices may add compliance burdens and potentially limit certain business activities. Intense competition in the life and retirement insurance industry may put pressure on Corebridge's margins and profitability. If the company fails to differentiate its products and services effectively, it could lose market share to competitors who offer lower prices or more attractive features. Furthermore, a decline in Corebridge's credit ratings could restrict its access to capital and increase borrowing costs, exacerbating financial challenges. Persistently low interest rates could compress spreads and reduce profitability for Corebridge's spread-based products, such as fixed annuities and fixed index annuities. If the company faces difficulties managing its spreads and crediting rates offered to policyholders, its earnings could decline. Moreover, an inability to access higher-yielding assets could limit its investment returns. Finally, difficulties in fully separating from AIG could lead to unforeseen expenses, operational inefficiencies, and potential conflicts of interest. AIG's continued influence over Corebridge's governance and operations may create uncertainty for investors, negatively impacting its valuation. In this bearish scenario, Corebridge fails to overcome operational challenges, struggles to maintain profitability, and experiences declining investor confidence, leading to lower revenues, compressed margins, and lower stock performance.

10. Forward Valuation

Based on the available information and analysis, a forward valuation for Corebridge Financial (CRBG) necessitates the application of various valuation models, acknowledging both bullish and bearish scenarios. Due to the lack of detailed financial projections beyond 2023, assumptions about future revenue growth, profitability, and cash flows are inherently uncertain, requiring a range of estimates.

Discounted Cash Flow (DCF): A DCF model would require projecting future free cash flows for Corebridge over a specified period, discounting them back to present value using an appropriate discount rate. Given the lack of specific financial projections beyond 2023, assumptions about future revenue growth, profitability and cash flow generation will significantly affect the range of valuations. A bullish scenario might assume moderate revenue growth driven by the expanding retirement market and successful implementation of the Blackstone partnership, along with margin expansion from efficiency initiatives. Conversely, a bearish scenario might assume slower growth due to increased competition and regulatory pressures, and sustained margin compression from low interest rates. The discount rate would reflect the risk associated with Corebridge's business, considering factors such as its financial leverage, industry outlook, and regulatory environment.

Relative Valuation (Multiples-Based): A relative valuation approach would compare Corebridge's valuation multiples, such as price-to-earnings (P/E) or price-to-book (P/B), to those of comparable companies in the life and retirement insurance industry. Challenges associated with this approach relate to accurately identifying truly comparable companies, given Corebridge's unique strategic partnerships and transition from AIG. Furthermore, market multiples are subject to fluctuations based on broader market sentiment, which can introduce volatility into the valuation. A bullish scenario might assume Corebridge trades at a premium to peers, reflecting its growth potential and Blackstone partnership, while a bearish scenario might assume a discount due to the uncertainties surrounding its separation from AIG.

Sum-of-the-Parts (SOTP): An SOTP valuation would value each of Corebridge's business segments separately, summing their individual values to arrive at an overall company value. This approach requires a deeper understanding of the financials and growth prospects of each business line (Individual Retirement, Group Retirement, Life Insurance, and Institutional Markets). Challenges associated with this approach include the lack of precise financial data for each segment beyond 2023 and the interdependence between business lines, particularly regarding shared services and investment management. A bullish SOTP might assume strong growth and profitability in each business line, particularly in the retirement segments, reflecting its market position and Blackstone partnership, while a bearish SOTP might account for a scenario in which increased competition, lower interest rates and other challenges have a negative impact.

Implied Option Valuation: Option pricing models could be applied to estimate the value of embedded options within Corebridge's products, such as GMWB, GMDB and index-linked interest credits, as well as the value of potential future growth options in the expanding retirement market. Challenges associated with this approach involve estimating underlying market and policyholder behavior assumptions in developing these valuation models, as well as the uncertainty associated with potential regulatory or macroeconomic changes that could negatively impact the company's long-term prospects. A bullish scenario might assume significant value creation from the growth potential in the retirement market and value accretion from the embedded options, while a bearish scenario may involve incorporating reduced demand and/or regulatory or other changes that would have a material impact to the business or the valuations.

Final Valuation and Ranges: Without more refined financial projections beyond 2023 and more detailed 52-week stock price data, any precise \$ valuations would be unreliable. However, a range of estimates for each valuation method under both bullish and bearish scenarios, considering sensitivity analyses with respect to key assumptions, could provide a more informed valuation framework for CRBG. Ultimately, the most appropriate valuation for Corebridge will consider a weighted average of the four methods, reflecting the specific risks and opportunities associated with its business.

11. Executive Summary

Corebridge Financial's performance and prospects are driven by several key factors. The expanding U.S. retirement market presents a substantial growth opportunity, particularly for its individual and group retirement segments. The company's broad product portfolio, encompassing annuities, life insurance, and institutional offerings, provides diversification and the potential to tailor solutions to various customer needs. Corebridge's large distribution network, spanning financial advisors, insurance agents, and direct-to-consumer platforms, provides access to a broad range of customers and fosters long-term relationships. Its strategic partnerships with Blackstone and BlackRock offer specialized expertise in asset management and investment strategies, aiming to enhance returns and diversify its portfolio. Furthermore, its investment in technology and digitization should streamline operations, enhance customer experiences, and improve risk management.

However, Corebridge also faces significant threats. Intense competition in the life and retirement insurance industry, from both established players and new entrants, requires constant product innovation and pricing discipline. Evolving regulatory requirements, such as LDTI and standards of care for financial advisors, pose ongoing compliance challenges and increase costs. Market volatility, particularly in interest rates and equity markets, creates uncertainty and necessitates careful management of spreads and hedging strategies. Sustained low interest rates may continue to compress spreads on its spread-based products, impacting profitability. Cybersecurity risks and data privacy regulations add complexity and cost to operations, while the need to replicate functions previously provided by AIG demands substantial investment and may lead to operational inefficiencies. Furthermore, AIG's continued influence and potential conflicts of interest may create uncertainty for investors. The company must also successfully communicate its narrative to the public markets and build investor confidence as a newly independent entity. Despite these threats, Corebridge also has several opportunities. The aging U.S. population and increasing demand for retirement solutions present a significant long-term growth opportunity. The shift towards fee-based advisory services allows Corebridge to expand its advisory platform, generating recurring income. Its strategic partnerships and investments in technology may enhance returns, improve customer retention, and reduce expenses. Moreover, opportunities may arise to acquire or partner with other companies, expanding its market reach and product offerings. Furthermore, by enhancing focus on the U.S. market and exiting from non-core international businesses, such as Laya and AIG Life, Corebridge Financial can streamline its operations and improve operational efficiency.